

Message Text

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PAGE 01 BRUSSE 17488 01 OF 03 020155Z

ACTION EUR-12

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FRB-03 INR-07 NSAE-00 SP-02 STR-05 TRSE-00 LAB-04

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LIMITED OFFICIAL USE SECTION 01 OF 03 BRUSSELS 17488

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TAGS: EEC, PDEV, EAID

SUBJ: EC DEVELOPMENT COUNCIL, NOVEMBER 28, 1977: RESULTS

REFS: (A) ECA-350; (B) BRUSSELS 8933; (C) BRUSSELS 15091;
(D) BRUSSELS 15184; (E) BRUSSELS 15194; (F) BRUSSELS 6369;
(G) EC BRUSSELS 2887; (H) ECA-408; (I) 76 EC BRUSSELS
11052

1. SUMMARY: AT NOVEMBER 28 COUNCIL MEETING, EC DEVELOPMENT MINISTERS APPROVED A COMMUNITY MANDATE FOR NEGOTIATIONS WITH THE INTERNATIONAL DEVELOPMENT AGENCY ON THE USE OF THE EC CONTRIBUTION TO THE SPECIAL ACTION PROGRAM AGREED BY THE FINAL CIEC MINISTERIAL. IN OTHER COUNCIL ACTIONS, THE MINISTERS ALSO: APPROVED THE EC'S GENERALIZED SYSTEM OF PREFERENCES FOR 1978; APPROVED THE EC'S 1978 FOOD AID PROGRAM; DISCUSSED THE POSSIBILITY OF AN INCREASED EC CONTRIBUTION TO THE RENEGOTIATED FOOD AID CONVENTION; ADOPTED PROCEDURES FOR USE OF COMMUNITY APPROPRIATIONS SET ASIDE FOR COOPERATION WITH NON-LIMITED OFFICIAL USE

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PAGE 02 BRUSSE 17488 01 OF 03 020155Z

GOVERNMENTAL ORGANIZATIONS IN THE DEVELOPMENT FIELD; APPROVED THE DISTRIBUTION OF EC AID FOR NON-ASSOCIATED DEVELOPING STATES; AND CONTINUED ITS REVIEW OF COORDINATION AND HARMONIZATION OF MEMBER STATE DEVELOPMENT COOPERATION POLICIES. END SUMMARY.

2. SPECIAL ACTION PROGRAM:

COUNCIL AGREED ON A MANDATE FOR THE COMMUNITY TO NEGOTIATE AN AGREEMENT WITH THE INTERNATIONAL DEVELOPMENT AGENCY (IDA) ON THE USE OF THE EC'S \$385 MILLION CONTRIBUTION TO THE \$1 BILLION SPECIAL ACTION PROGRAM FOR LDC'S AGREED AT CIEC'S FINAL MINISTERIAL SESSION.

COUNCIL AGREED ON CRITERIA TO BE USED BY IDA IN PROGRAMMING THESE FUNDS. BULK OF THE FUNDS IS TO GO TO LDC'S WITH A PER CAPITA GNP UNDER \$280, WHILE NO MORE THAN 20 PERCENT OF THE \$385 MILLION IS TO GO TO ANY ONE LDC, AND NO MORE THAN 50 PERCENT TO ANY SINGLE CONTINENT. COUNCIL ALSO WANTS IDA TO "CONSULT" WITH THE EC REGARDING ITS PROPOSED PROGRAM FOR UTILIZATION OF THESE FUNDS. EC COMMISSION OFFICIALS SAY THIS IS INTENDED TO ASSURE IDA ADHERENCE TO STIPULATED AID CRITERIA RATHER THAN TO GIVE THE EC THE RIGHT OF VETO OVER IDA'S PROPOSED UTILIZATION. THE EC AGREEMENT WITH IDA IS ALSO TO STIPULATE THAT EC SPECIAL ACTION FUNDS ARE TIED TO PROCUREMENT ONLY IN THE EC MEMBER STATES, OR IN THE LEAST DEVELOPED LDC'S WITH SOME LIMITATIONS. ACCORDING TO A GERMAN PERM REP OFFICER, THE COUNCIL ACCEPTED THE COMMISSION'S RECOMMENDATION THAT THE EC CONCLUDE A "MIXED AGREEMENT" WITH IDA: I.E., SEPARATE AGREEMENTS BETWEEN IDA AND THE EC AND BETWEEN IDA AND EACH MEMBER STATE, ALTHOUGH FRANCE AND THE NETHERLANDS HAD INITIALLY ARGUED THAT ONLY BILATERAL AGREEMENTS SHOULD BE CONCLUDED BY IDA AND THE LIMITED OFFICIAL USE

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PAGE 03 BRUSSE 17488 01 OF 03 020155Z

MEMBER STATES.

3. GENERALIZED SYSTEM OF PREFERENCES:

COUNCIL ADOPTED COMMISSION'S PROPOSAL FOR A 1978 GENERALIZED SYSTEM OF PREFERENCES (REFS A AND B), WHICH EMPHASIZES OPTIMUM USE OF PREFERENCES ALREADY GRANTED BY THE COMMUNITY. POSSIBLE PREFERENTIAL IMPORTS UNDER THE SCHEME ARE EXPECTED TO TOTAL 5.1 BILLION UNITS OF ACCOUNT FOR INDUSTRIAL PRODUCTS AND 1.3 BILLION UNITS OF ACCOUNT FOR AGRICULTURAL PRODUCTS (ONE UNIT OF ACCOUNT EQUALS APPROXIMATELY \$1.20). THE COUNCIL PRESS RELEASE ANNOUNCING THE DECISION NOTES THAT THE MINISTERS TOOK INTO CONSIDERATION "THE SUBSTANTIAL AND SYSTEMATIC IMPROVEMENTS GRANTED OVER PREVIOUS YEARS AND THE DISQUIETING DEVELOPMENTS IN THE ECONOMIES OF THE COMMUNITY MEMBER STATES". FURTHER REPORTING ON THE 1978 GSP WILL FOLLOW SEPTEL.

4. FOOD AID:

COUNCIL APPROVED COMMISSION PROPOSALS (REFS C, D, AND E)

FOR EC'S 1978 FOOD AID PROGRAM. TOTALS FOR CEREALS (720,500 METRIC TONS) AND BUTTEROIL (45,000 METRIC TONS) REMAIN AT 1977 LEVELS. TOTAL FOR SKIMMED MILK POWDER (150,000 METRIC TONS) REPRESENTS AN INCREASE FROM 105,000 METRIC TONS IN 1977. FORMAL APPROVAL OF BUDGETARY APPROPRIATIONS FOR THE SKIMMED MILK POWDER FOOD AID HAS NOT YET BEEN GRANTED BUT IS EXPECTED FROM THE DECEMBER 7 EC BUDGET COUNCIL.

5. FOOD AID CONVENTION:

COUNCIL AUTHORIZED THE COMMISSION TO AGREE TO AN INCREASE IN THE COMMUNITY'S CONTRIBUTION TOWARD THE GLOBAL TARGET OF 10 MILLION METRIC TONS OF CEREAL FOOD AID DURING THE LIMITED OFFICIAL USE

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PAGE 04 BRUSSE 17488 01 OF 03 020155Z

RENEGOTIATION OF THE FOOD AID CONVENTION (FAC). ACCORDING TO PERM REP AND COUNCIL SOURCES, COUNCIL AGREED TO COMMISSION'S PROPOSAL THAT THE EC'S CURRENT FAC CONTRI-

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PAGE 01 BRUSSE 17488 02 OF 03 020157Z
ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-08
FRB-03 INR-07 NSAE-00 SP-02 STR-05 TRSE-00 LAB-04
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R 011958Z DEC 77
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TO SECSTATE WASHDC 3450
INFO ALL EC CAPITALS

LIMITED OFFICIAL USE SECTION 02 OF 03 BRUSSELS 17488

BUTION OF 1.287 MILLION METRIC TONS (720,500 FROM THE COMMUNITY AND THE BALANCE IN BILATERAL AID FROM THE EC MEMBER STATES) MIGHT BE INCREASED TO 1.650 MILLION METRIC TONS IF OTHER MEMBERS OF THE CONVENTION ALSO INCREASE

THEIR CONTRIBUTIONS.

6. COOPERATION WITH NON-GOVERNMENTAL ORGANIZATIONS:

.DURING RECENT YEARS, EC HAS BUDGETED ABOUT 3.5 MILLION UNITS OF ACCOUNT ANNUALLY FOR DEVELOPMENT PROJECT ASSISTANCE TO BE CHanneLED THROUGH NON-GOVERNMENTAL ORGANIZATIONS (NGO'S). COUNCIL AGREED ON INTERNAL PROCEDURES GOVERNING DISBURSEMENT OF THESE APPROPRIATIONS SO THAT, IN FUTURE YEARS, COUNCIL DECISIONS WILL BE REQUIRED ONLY ON THE AMOUNT OF APPROPRIATIONS AND NOT ON THE MODALITIES OF DISBURSEMENT.

7. AID TO NON-ASSOCIATED DEVELOPING STATES:

COUNCIL APPROVED COMMISSION PROPOSALS FOR DISTRIBUTION OF THE 45 MILLION UNITS OF ACCOUNT INCLUDED IN 1977 EC BUDGET FOR FINANCIAL AND TECHNICAL AID TO NON-ASSOCIATED LIMITED OFFICIAL USE

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PAGE 02 BRUSSE 17488 02 OF 03 020157Z

DEVELOPING STATES (REF F). THE AGREED BREAKDOWN FOR THIS AID, AS RECOMMENDED BY COMMISSION FOLLOWING CONSULTATIONS WITH THE BENEFICIARY COUNTRIES AND INTERNATIONAL ORGANIZATIONS CONCERNED, IS AS FOLLOWS: INDIA (12 MUA FOR A PROJECT AIMED AT PRESERVATION AND STORAGE OF GRAIN CROPS), PAKISTAN (4 MUA FOR IRRIGATION PROJECTS), BANGLADESH (5 MUA FOR IRRIGATION PROJECTS), SRI LANKA (2 MUA FOR IRRIGATION PROJECTS), VIETNAM (2.4 MUA FOR AGRICULTURAL EQUIPMENT), INDONESIA (2 MUA FOR IRRIGATION PROJECTS), THAILAND (1 MUA FOR A PIG BREEDING PROJECT), NORTH YEMEN (2 MUA FOR RURAL TECHNICAL ASSISTANCE), BOLIVIA (1.8 MUA FOR A RURAL DEVELOPMENT PROJECT), HONDURAS (1 MUA FOR FISHERIES DEVELOPMENT), CENTRAL AMERICAN COMMON MARKET (3.6 MUA FOR FOOD RESEARCH AND TECHNOLOGY), THE ANDEAN GROUP (3.6 MUA FOR FOOD RESEARCH AND TECHNICAL ASSISTANCE), THE INTERNATIONAL RESEARCH INSTITUTE FOR SEMI-ARID TROPICS (1 MUA), THE INTERNATIONAL RICE RESEARCH INSTITUTE (1 MUA), AND THE ASIA DEVELOPMENT BANK (2.4 MUA). COMMISSION HAS BEEN AUTHORIZED TO COMMIT THESE FUNDS BEFORE THE END OF THE YEAR.

8. ACCORDING TO PERM REP SOURCES, FRANCE INITIALLY OBJECTED TO THE EMPHASIS PLACED ON ASIA IN THE COMMISSION PROPOSALS AND SUGGESTED THAT AID ALSO BE GIVEN TO NON-ASSOCIATED AFRICAN STATES, SPECIFICALLY MOZAMBIQUE. FRENCH AGREED TO THE EXISTING PROPOSALS, HOWEVER, WHEN IT WAS POINTED OUT THAT THERE WAS NOT SUFFICIENT TIME TO PREPARE NEW DEVELOPMENT PROJECTS BEFORE DECEMBER 31, BY WHICH DATE ALL 1977 AID MUST BE COMMITTED. COUNCIL SUBSEQUENTLY APPROVED GUIDELINES FOR THE COMMISSION'S

WORK IN DEVELOPING THE 1978 PROGRAM, FOR WHICH BUDGETARY APPROPRIATIONS AMOUNT TO 60 MILLION EUROPEAN UNITS OF ACCOUNT (THE 1978 BUDGET HAS BEEN DENOMINATED IN LIMITED OFFICIAL USE

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PAGE 03 BRUSSE 17488 02 OF 03 020157Z

EUROPEAN UNITS OF ACCOUNT--ONE EUA EQUALS \$1.17--RATHER THAN THE GOLD PARITY UNITS OF ACCOUNT MENTIONED ELSEWHERE IN THIS TELEGRAM). FRENCH MAINTAINED THEIR INSISTENCE THAT, BEGINNING NEXT YEAR, THE COMMISSION PLACE GREATER EMPHASIS ON AFRICA.

9. IN A DECISION DESCRIBED BY PERM REP SOURCES AS A "BREAKTHROUGH", COUNCIL AGREED IN PRINCIPLE ON COMMISSION'S- PROPOSAL FOR A FRAMEWORK REGULATION ESTABLISHING CRITERIA FOR AID TO NON-ASSOCIATED STATES, WHICH HAD BEEN BLOCKED BY FRANCE AT THE MARCH AND JUNE DEVELOPMENT COUNCIL MEETINGS (REFS F AND G). FOLLOWING TECHNICAL REVIEW BY

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PAGE 01 BRUSSE 17488 03 OF 03 020204Z
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TO SECSTATE WASHDC 3451
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LIMITED OFFICIAL USE SECTION 03 OF 03 BRUSSELS 17488

COREPER AND CONSULTATIONS WITH THE EUROPEAN PARLIAMENT, FORMAL APPROVAL OF THE REGULATION IS EXPECTED AT THE APRIL 1978 COUNCIL MEETING.

10. DEVELOPMENT POLICY COORDINATION:

AS PART OF ITS CONTINUING REVIEW OF POSSIBILITIES FOR
HARMONIZING AND COORDINATING MEMBER STATE DEVELOPMENT
COOPERATION POLICIES (REFS G, H AND I), THE COUNCIL ACTED
ON TWO PROPOSALS:

(A) AS A FOLLOW-UP TO ITS MARCH 22 DECISION
(REF G) TO COORDINATE EMERGENCY AND HUMANITARIAN AID,
THE COUNCIL AGREED TO THE DESIGNATION OF A COMMISSION
OFFICIAL TO BE RESPONSIBLE FOR CONTACTING MEMBER STATE
ASSISTANCE AGENCIES IN THE EVENT OF NATURAL DISASTERS
FOR THE PURPOSE OF COORDINATING EC AND MEMBER STATE
DONATIONS OF FOOD AND OTHER TYPES OF EMERGENCY ASSISTANCE.
COMMISSION IS TO NOMINATE AN OFFICIAL FOR THIS POSITION
IN THE NEAR FUTURE. COUNCIL ALSO TOOK NOTE OF A LIST OF
CONTINGENCY MEASURES WHICH MAY BE PUT IN FORCE IN THE
MEMBER STATES AND THE COMMUNITY IN THE EVENT OF DISASTERS.
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PAGE 02 BRUSSE 17488 03 OF 03 020204Z

(B) THE COUNCIL APPROVED A DRAFT RESOLUTION SUBMITTED
BY THE BELGIAN PRESIDENCY, WHICH CALLS FOR AD HOC MEETINGS
ON DEVELOPMENT POLICY COORDINATION WHENEVER TWO OR MORE
MEMBER STATES CONSIDER IT WORTHWHILE TO BETTER COORDINATE
THEIR BILATERAL DEVELOPMENT ACTIVITIES IN A COUNTRY
OR GROUP OF COUNTRIES, OR WHEN THE IMPLEMENTATION OF JOINT
PROJECTS IS INVOLVED. THESE MEETINGS ARE TO BE OPEN TO
OTHER EC MEMBER STATES AND THE COMMISSION, AND ARE TO BE
HELD BOTH IN EUROPE AND IN RECIPIENT DEVELOPING COUNTRIES.
THE RESOLUTION INVITES COUNCIL PRESIDENCY TO ENCOURAGE
SUCH MEETINGS, WHENEVER TWO OR MORE MEMBER STATES OR THE
COMMISSION SO REQUEST, AND IT ASKS THE COMMISSION TO
EXPAND AND ORGANIZE MORE SYSTEMATICALLY ITS COORDINATION
ACTIVITIES AS A MEANS OF STIMULATING THE HARMONIZED
DEVELOPMENT OF MEMBER STATE BILATERAL DEVELOPMENT POLICIES.
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